





## REMOVAL.

The office of the "KENTUCKY YEOMAN" has been removed to the new three-story building on Main street, near the corner of St. Clair.

## State Democratic Convention.

We are authorized to state that the Democratic Central Committee, who have been requested to name the time and place for holding a Convention of the Democratic party of Kentucky, for the nomination of candidates for Governor and Lieutenant Governor, and the transaction of other matters pertaining to politics, recommend to the party that they meet in State Convention at Frankfort, on the 15th day of March, 1855.

In view of the fact that the State Convention is definitely fixed in March, we think that the time appointed for our County Convention, in Saturdays paper, is unnecessarily early. We consulted with a good many of our friends from the county as well as in the town yesterday, and as they agreed with us in opinion, we take the liberty of withdrawing the appointment heretofore made, and leaving it open until further notice is given.

The President's message, received yesterday, fills our columns to day, to the exclusion of almost every thing else. It is a fine document and presents the nation in a healthy and flourishing condition. President Pierce gives a good account of himself and we recommend his message to an attentive perusal of our readers.

It will be seen from a notice in our paper to day that the Central Committee have recommended the 15th of next March, and Frankfort, as the time and place of holding our next State Convention. These preliminaries being settled, we hope the democracy of every county in the State will appoint its delegates without delay. Let us have a full representation and a ticket will be presented to the people in August next, whose success will be beyond doubt.

Last Saturday we expressed somewhat of a preference for Frankfort and the 8th of January. The Committee have decided with us in one particular and against us in another; but since it has been suggested to us that the low state of the waters in our principal rivers, and the fact that but few counties have as yet appointed delegates might prevent a full attendance on the 8th prox., we very cordially acquiesce in the decision of the Committee, and think, in view of these circumstances, the 15th of March is a more appropriate time. Our principles are known to every one, and as upon these open and avowed, we have fought since our existence as a party, and shall do battle in the approaching contest, it really matters but little, so that the elements be propitious and sufficient time allowed for our primary meetings, when the State Convention, which is again to promulgate them, may assemble.

The day for holding the Convention is fixed. Ample time is allowed for the primary meetings of the democracy throughout the State, and on the 15th of next March, we hope to see every county fully represented at Frankfort. We shall publish the proceedings of all the county Conventions as soon as they reach us, and our friends will confer a favor by forwarding them.

Election in Kansas.—On the 23rd ultimo, an election was held in Kansas Territory for delegate to Congress. Mr. FLENNIKEN and General Whitfield were the candidates, and the latter, a pro-slavery man, was elected by a very large majority. Flenniken, it is said, is an abolitionist, and one of the published telegrams states that Gen. Whitfield is an advocate of "squatter sovereignty."

A CLOSE CONGRESSIONAL RACE IN ILLINOIS.—It has been for some time doubtful whether ARCHER, W., or ALLEN, D., was elected to Congress from the Seventh Congressional District of Illinois. The official returns have at last been received at Springfield, by which it appears that ALLEN has been elected by one majority.

Senator Dawson, of Georgia, was married in Memphis, on the 27th of November, to Mrs. ELIZA M. WILLIAMS.

The New Orleans Bee and Delta have been prohibited to enter the port of Vera Cruz, as his Serene Highness, Gen. SANTA ANNA, considers them "subversive to the cause of order."

Mr. JONAS FOWLER was found dead in his bed, in East-Maysville, on Monday morning last. The coroner's jury decided that he died of disease of the heart. Mr. F. was an old and orderly citizen, and an honest man.

Escape.—Two negro men confined in the jail of Maysville, when the jailor, Mr. JOHN McDANIEL, entered the jail Friday night on his last round of duty for the evening, knocked the jailor down and made their escape. They had been chained, but by some means had gotten their chains off.

A very singular accident occurred at Cleveland on Monday last, noticed in the Herald. A horse standing in a lively stable ran his tongue through a crack in a partition between two stalls. It was caught by another horse, and the first one drawing back, bit his own tongue completely off. It was found in the manger of the next stall.

CHARLES ANDERSON, residing in the north-western part of Pontotoc county, Miss., was robbed on the 5th ult., of \$5,000 in gold. A stranger came to the house to stay all night, who pretended to have the mumps, had his jaws and face tied up, and refused to take off his hat. He went to bed early and sometime during the night, perpetrated the robbery and decamped. The box that contained the money was afterwards found.

Elder J. T. JOHNSON of this State is preaching in Nashville.

The Newark, (O.) Times says that the loss to the Central Ohio Railroad, occasioned by burning of seven cars and contents, four miles from that place on Saturday week, ranges between \$10,000 and \$12,000.

## PRESIDENT'S MESSAGE.

Fellow-citizens of the Senate and House of Representatives:

The past has been an eventful year, and will hereafter be referred to as a marked epoch in the history of our country. While we have been happily preserved from the calamities of war, our domestic prosperity has not been entirely uninterrupted. The crops in portions of the country have been nearly cut off. Disease has prevailed to a greater extent than usual; and the sacrifice of human life, through casualties by sea and land, is without a parallel. But the position has been swept by and restored salubrity invites the absent to their homes, and the return of business to its ordinary channels. If the earth has rewarded the labor of the husbandman less bountifully than in preceding seasons, it has left him with abundance for domestic wants, and a large surplus for exportation. In the present, therefore, as in the past, we are enabled to look forward with confidence to the God of Grace and Providence, for His protecting care and merciful dealings with us as a people.

Although our attention has been arrested by painful interest in passing events, yet our country feels no more than the slight vibrations of the convulsions, which have shaken Europe. Individuals, we cannot repress sympathy, have suffered, and we regret for the country which produces it. As a nation, we are reminded, that whatever interrupts the peace, or checks the prosperity, of any part of Christendom, tends, more or less, to involve our own. The condition of States is not like that of individuals. They are mutually dependent upon each other. Amicable relations between them, and reciprocal good will, are essential for the promotion of their interests in the moral, social, and political condition. Hence it has been my earnest endeavor to maintain peace and friendly intercourse with all nations.

The wise theory of this government, so early adopted and steadily pursued, of avoiding all entangling alliances, has hitherto exempted it from many complications, in which it would otherwise have become involved. Notwithstanding its clearly defined and well sustained course of action, and our geographical position so remote from Europe, increasing disposition has been manifested, by some of its governments, to supervise, and, in certain respects, to direct, our foreign policy. In plans for adjusting the balance of power among the nations, they have assumed to take us into account, and would constrain us to conform our conduct to their views. One or another of the powers of Europe has, from time to time, undertaken to enforce arbitrary regulations; contrary in many respects to established principles of international law. That law, the United States have in their foreign intercourse, uniformly and consistently observed, and they cannot recognize any such interpositions therein, as the temporary interests of others may suggest. They do not admit that the sovereigns of one continent, or of a particular country of states, can legislate for all others.

Leaving the transatlantic nations to adjust their political system, in the way they may think best for the common welfare, the independence of this continent may well assert the right to be exempt from all annoying interference on their part. Systematic abstention from intimate political connexion with distant foreign nations, does not conflict with giving the widest range to our foreign commerce. This distinction, so clearly marked in history, seems to have been overlooked, or disregarded, by some of the leading foreign states. Our refusal to be brought within, and subjected to, their peculiar system, has, I fear, created a jealous distrust of our conduct, and induced, on their part, occasional acts of disturbing effect upon our foreign relations. Our present attitude and past course give assurances, which should not be questioned, that our purposes are not aggressive, but contenting to the safety and welfare of other nations. Our military establishment, in time of peace, is adapted to maintain exterior defenses, and to preserve order among the aboriginal tribes within the limits of the Union. Our naval force is intended only for the protection of our citizens abroad, and of our commerce, diffused as it is over all the seas of the globe. The government of the United States, being essentially pacific in policy, stands prepared to repel invasion by the voluntary services of a patriotic people, and provides no permanent means of foreign aggression. These considerations should allay all apprehension, that we are disposed to encroach on the rights, or endanger the security, of other States.

Some European powers have regarded, with disquieting concern, the territorial expansion of the United States. This rapid growth has resulted from the legitimate exercise of sovereign rights, belonging alike to all nations, and by many liberally exercised. Under such circumstances, it could hardly have been expected that those among them, which have, within comparatively recent period, subdued and absorbed ancient kingdoms, planted their standards on every continent, and now possess, or claim the control of the islands of every ocean as their appropriate domain, would look with unfriendly sentiments upon the acquisitions of this country. In every instance honorably obtained, or would feel themselves justified in implying our advancement to a spirit of aggression, or to a passion for political predominance.

Our foreign commerce has reached a magnitude and extent nearly equal to that of the first maritime power of the earth, and exceeding that of any other. Over this great interest, in which not only our merchants, but all classes of citizens, at least indirectly, are concerned, it is the duty of the executive and legislative branches of the government to exercise careful supervision, and adopt proper measures for its protection. The policy which I have had in view, in regard to this interest, embraces its future as well as its present security.

Long experience has shown that, in general, when the principal powers of Europe are engaged in war, the rights of neutral nations are endangered. This consideration led, in the progress of the war of our independence, to the formation of the celebrated confederacy of armed neutrality, a primary object of which was, to assert the doctrine, that free ships make free goods, except in the case of articles contraband of war; a doctrine which, from the very commencement of our national being, has been a cherished idea of the statesmen of this country.

At one period or another, every maritime power has, by some solemn treaty stipulation, recognized that principle; and it might have been hoped that it would come to be universally received and respected as a rule of international law. But the refusal of one power prevented this, and in the next great war which ensued, that of the French revolution, it failed to be respected among the belligerent states of Europe. Notwithstanding this, the principle is generally admitted to be a sound and salutary one; so much so, that, at the commencement of the existing war in Europe, Great Britain and France announced their purpose to observe it for the present, notwithstanding a recognized and avowed intention, on the part of the latter, to make a mere concession for the time being. The cooperation, however, of these two powerful maritime nations in the interest of neutral rights, appeared to me to afford an occasion, inviting and justifying, on the part of the United States, a renewed effort to make the doctrine in question a principle of international law, by means of special conventions between the several powers of Europe and America. Accordingly, a proposition, embracing not only the rule that free ships make free goods, except contraband and articles, but also, the less tested one, that neutral property, other than contraband, though on board enemy's ships, shall be exempt from confiscation, has been submitted by this Government to those of Europe and America.

Russia acted promptly in this matter, and a convention was concluded, between that country and the United States, providing for the observance of the principles announced, not only as between themselves, but also as between them and all other nations, which shall enter into like stipulations. None of the other powers have as yet taken final action on the subject. I am not aware, however, that any objection to the proposed stipulations has been made; but on the

contrary, they are acknowledged to be essential to the security of neutral commerce; and the only apparent obstacle to their general adoption is in the possibility, that it may be encumbered by inadmissible conditions.

The King of the Two Sicilies has expressed to our Minister at Naples his readiness to concur in the propositions relative to neutral rights, and to enter into a convention on that subject.

The King of Prussia entirely approves of the project of a treaty to the same effect, submitted to him, but proposes an additional article, providing for the renunciation of privateering. Such an article, for most obvious reasons, is much desired, by nations having naval establishments large in proportion to their foreign commerce. If it were adopted as an international rule, the commerce of a nation having comparatively a small naval force, would be very much at the mercy of its enemy, in case of war with a power of decided naval superiority. The bare statement of the condition in which the United States would be placed, after having renounced the right to resort to privateers, in the event of war with a belligerent of naval supremacy, will show that this Government could never listen to such a proposition. The navy of the largest maritime power in Europe is at least ten times as large as that of the United States. The foreign commerce of the two countries is nearly equal, and about equally exposed to the depredations of the enemy. Between that power and the United States, who resort on our part to our mercantile marine, the means of our enemy to inflict injury upon our commerce would be tenfold greater than ours to retaliate. We could not extricate our country from this unequal condition, with such an enemy, unless we at once departed from our present policy, and resorted to a private navy. Nor would this country be better situated in war with one of the secondary naval powers. Though the naval disparity would be less, the greater extent, and more exposed condition of our wide spread commerce, would give us a more like advantage over us.

The proposition to enter into engagements to resort to privateers, in case this country be forced into war with a great naval power, is not entitled to more favorable consideration than would be a proposition to agree not to accept the services of volunteers for operations on land. When the honor or the rights of our country require it to assume a hostile attitude, it confidently relies upon the patriotism of its citizens, not only to devote their military professions, to augment the army and the navy, so as to make them fully adequate to the emergency which calls them into action. The proposal to surrender the right to employ privateers, is professedly founded upon the principle, that private property of non-combatants, though enemies, should be exempt from the ravages of war. The proposed surrender, however, is a little war in exchange for peace, which equally requires that such private property should not be seized or molested by national ships of war. Should the leading powers of Europe concur in proposing, as a rule of international law, to exempt private property, upon the ocean, from seizure by public armed cruisers, as well as by privateers, the United States will readily meet them upon the broad ground.

Since the adjournment of Congress, the ratifications of the treaty between the United States and Great Britain, relative to coast fisheries, and to reciprocal trade with the British North American provinces, have been exchanged, and some of its anticipated advantages are already enjoyed. A little while, and the proposed arrangement will be in full operation. It is a principle, which equally requires that such private property should not be seized or molested by national ships of war. Should the leading powers of Europe concur in proposing, as a rule of international law, to exempt private property, upon the ocean, from seizure by public armed cruisers, as well as by privateers, the United States will readily meet them upon the broad ground.

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I recommend to your favorable consideration a proposition, which will be submitted to you, for authority to refund the duties and cancel the bonds thus received. The Province of Canada and New Brunswick have also anticipated the full operation of the treaty, by legislative arrangements, respectively, to admit free of duty, the products of the United States mentioned in the face of the treaty; and an arrangement, similar to that regarding British fish, has been made for duties chargeable on the products of these Provinces enumerated in the same free list, and introduced thereinto into the United States; a proposition for refunding which will, in my judgment, be a like manner, entitled to your favorable consideration.

It is a different matter of opinion between the United States and Great Britain as to the boundary line of the Territory of Washington adjoining the British possessions on the Pacific, which has already led to difficulties on the part of the citizens and local authorities of the two governments. I recommend that provision be made for a commission, to be composed of the United States and Great Britain, for the purpose of settling and establishing the line in controversy. Certain stipulations of the third and fourth articles of the treaty concluded by the United States and Great Britain in 1846, regarding the rights of the Hudson Bay Company, and property of the Puget's Sound Agricultural Company, have given rise to some disputes, the settlement of which is now under consideration. Our Minister at London has made strenuous efforts to accomplish this desirable object, but has not yet found it possible to bring the negotiations to a termination.

As incidental to these questions, I deem it proper to notice an occurrence which happened in Central America, near the close of the last session of Congress. So soon as the necessity was perceived of establishing inter-oceanic communication across the Isthmus, a company was organized, under authority of the State of Nicaragua, but composed, for the most part, of citizens of the United States, for the purpose of opening such a transit way, by the river San Juan and Lake Nicaragua, which soon became an eligible and much used route in the transportation of goods and passengers between the Atlantic and Pacific. Meanwhile, and in anticipation of the completion and impotence of this transit way, a number of adventurers had taken possession of the old Spanish port at the mouth of the river San Juan, in open defiance of the State of Nicaragua, and, upon their becoming independent, had righteously established inter-oceanic communication across the Isthmus. These adventurers undertook to change the name of the place from San Juan del Norte to Greytown, and, though at first pretending to act as the subjects of the fictitious sovereign of the Mosquito Indians, they subsequently repudiated the control of any power who ever assumed to adopt a distinct political organization, and declared themselves an independent sovereign State. If, at some time, a faint hope was entertained that they might become a stable and respectable community, that hope soon vanished. They proceeded to assert unfounded claims to civil jurisdiction over Punta Arenas, a position on the opposite side of the river San Juan, which was in possession, under a title wholly independent of them, of citizens of the United States, interested in the Nicaragua Transit Company, and which was indispensable necessary to the prosperous operation of that route across the Isthmus. The company resisted their groundless claims; whereupon they proceeded to destroy some of its buildings, and attempted violently to dispossess it. At a late period they organized a strong force for

pelled from power, and men of very different views in relation to its internal affairs, have succeeded. Since this change, there has been no propitious opportunity to resume and press on negotiations for the adjustment of serious questions of difficulty between the Spanish government and the United States. There is reason to believe that our minister at Madrid, and present government more favorably inclined than the preceding to comply with our just demands, and to make suitable arrangements for restoring harmony, and preserving peace, between the two countries.

Negotiations are pending with Denmark to discontinue the practice of levying tolls on our vessels and their cargoes passing through the Sound. I do not doubt that we can claim exemption therefrom, as a matter of right. It is admitted on all hands, that this exaction is sanctioned, not by the general principles of the law of nations, but only by special conventions, which most of the commercial nations have entered into with Denmark. The fifth article of our treaty of 1850, with Denmark, provides, that we shall not be bound, on the part of the United States, and their cargoes when passing through the Sound, higher duties than those of the most favored nations. This may be regarded as an implied agreement to submit to the tolls during the continuance of the treaty, and, consequently, may embarrass the assertion of our right to be released therefrom. There are also some provisions in the treaty which ought to be modified. It was to remain in force for ten years, and until one year after either party should give notice to the other of intention to terminate it. I deem it expedient that the contemplated notice should be given to the government of Denmark.

The naval expedition, despatched about two years since for the purpose of establishing relations with the empire of Japan, has been ably and skillfully conducted to a successful termination by the officer to whom it was entrusted. A treaty, opening certain of the ports of that populous country, has been negotiated; and in order to give full effect thereto, it only remains to exchange ratifications, and adopt requisite commercial regulations.

The treaty lately concluded between the United States and Mexico settled some of our most embarrassing difficulties with that country, but numerous claims upon it for wrongs and injuries to our citizens remained unadjusted, and many new cases have been recently added to the former list of grievances. Our legation has been earnest in its endeavors to obtain, from the Mexican Government, prompt and equitable satisfaction of these claims, but hitherto without success.

This failure is, probably, in some measure, to be ascribed to the disturbed condition of that country. It has been my anxious desire to maintain friendly relations with the Mexican republic, and cause its rights and territories to be respected, not only by our citizens, but by foreigners. For so many and such gross wrongs, and that a purpose of organizing hostile expeditions against the States of that Republic.

The defenseless condition in which its frontiers have been left, has stimulated lawless adventurers to embark in these enterprises, and greatly increased the difficulty of enforcing our obligations of neutrality. Regarding it as my solemn duty to fulfill, efficiently, the commands of the law, not only toward Mexico, but other foreign nations, I have exerted all the powers with which I am invested to defeat such criminal proceedings, and bring to punishment those who, by taking a part therein, violated our laws.

The energy and activity of our civil and military authorities have frustrated the designs of those who meditated such expeditions. One of these, composed of foreigners, was at first countenanced and aided by the Mexican Government itself, it having been deceived as to their real object. The other, small in number, eluded the vigilance of the magistrates at San Francisco, and succeeded in reaching the Mexican territories; but the effective measures taken by this Government compelled the abandonment of the undertaking.

The commission to establish the new line between the United States and Mexico, according to the provisions of the treaty of the 30th of December last, has been organized, and the work is already commenced.

Our treaties with the Argentine Confederation, and with the Republics of Uruguay and Paraguay, secure to us the free navigation of the river, or La Plata, and some of the larger tributaries; but the same success has not attended our endeavors to open the Amazon. The reasons in favor of the free use of that river, I had occasion to present fully, in a former message; and, considering the cordial relations which have long existed between this Government and Brazil, we may expect the pending negotiations will, eventually, reach a favorable result.

Convenient means of transit, between the several parts of a country, are not only desirable for the objects of commercial and personal communication, but essential to its existence under one government. Separated as are the Atlantic and Pacific coasts of the United States, and the whole breadth of the continent, still the inhabitants of each are closely bound together by community of origin and institutions, and by strong attachment to the Union. Hence the constant and increasing intercourse, and vast interchange of commercial productions, between these remote divisions of the Republic. At the present time, the most accessible and only mode of communication between them are by the way of the Isthmus of Central America. It is the duty of the government to secure these avenues against all danger of interruption.

In relation to Central America, perplexing questions existed between the United States and Great Britain at the time of the session of California. These, as well as questions which subsequently arose, concerning inter-oceanic communication across the Isthmus, were, as it was supposed, adjusted by the treaty of April 19, 1850, but, unfortunately, they have been reopened by serious misunderstanding as to the import of some of its provisions, a re-adjustment of which is now under consideration. Our Minister at London has made strenuous efforts to accomplish this desirable object, but has not yet found it possible to bring the negotiations to a termination.

the purpose of demolishing the establishment at Punta Arenas, but this mischievous design was defeated by the interposition of one of our ships of war, at that time in the harbor of San Juan.

Subsequently to this, in May last, a body of men from Greytown crossed over to Punta Arenas, arrogating authority to arrest, on the charge of murder, a captain of one of the steamboats of the Transit Company. Being well aware that the claim to exercise jurisdiction there would be resisted then, as it had been on previous occasions, they went prepared to assert it by force of arms. Our minister to Central America, happened to be present on this occasion. Believing that the captain of the steamboat was innocent, for he witnessed the transaction on which the charge was founded, and believing, also, that the intruding party, having no jurisdiction over the place where they proposed to make the arrest, would encounter desperate resistance if they persisted in their purpose, he interposed effectually, to prevent violence and bloodshed. The American minister afterwards visited Greytown, and whilst he was there, a mob, including certain of the so-called public functionaries of the place, surrounded the house in which he was, avowing that they had come to arrest him, by order of some person exercising the chief authority. While parleying with them, he was wounded by a musket ball in the arm. A boat, dispatched from the American steamer "North Light" to release him from the perilous situation in which he was understood to be, was fired into by the town guard, and compelled to return. These incidents, together with the known character of the population of Greytown, and their excited state, induced our apprehensions that the lives and property of our citizens at Punta Arenas would be in imminent danger after the departure of the steamer, with her passengers, for New York, unless a guard was left for their protection. For this purpose, and in order to secure the safety of passengers and property passing over the route, a temporary force was organized, at considerable expense to the United States, for which provision was made at the last session of Congress.

This pretended community, a heterogeneous assemblage gathered from various countries, and composed, for the most part, of blacks and persons of mixed blood, had previously given other indications of mischievous and dangerous propensities. Early in the same month, property was clandestinely abstracted from the depot of the Transit Company, and taken to Greytown. The plunderers obtained shelter there, and their pursuers were driven back by its people, who not only protested the wrong done and shared the plunder, but treated with rudeness and violence those who sought to recover their property.

Such, in substance, are the facts submitted to my consideration, and proved by trustworthy evidence. I could not doubt that the case demanded the interposition of this government. Justice required that reparation should be made for so many and such gross wrongs, and that a course of insolence and plunder, tending directly to the insecurity of the lives of numerous travelers, and of the rich treasures belonging to our citizens passing over the transit way, should be permanently arrested. Whatever it might be in other respects, the community in question, in my opinion, was not deserving of respect. It was composed of lawless men, armed with small arms and ammunition, and might easily seize upon the unarmed boats, freighted with millions of property, which passed almost daily within its reach. It did not profess to belong to any regular government, and had, in fact, no recognized dependence on or connection with any one to which the United States or the Republic of Nicaragua were bound to render aid, or which could be held responsible, in any way, for the outrages committed. Not standing before the world in the attitude of an organized political society, being neither competent to exercise the rights nor to discharge the obligations of a government, it was, in fact, a marauding establishment, too dangerous to be disregarded, and too guilty to be tolerated. It was not only a source of great annoyance, but a constant and increasing source of danger to our citizens, and a perpetual source of outrages, a camp of savages, degrading on emigrant trains, or cruelties, and the frontier settlements of civilized States.

Seasonable notice was given to the people of Greytown that this government required them to repair the injuries they had done to our citizens, and to make suitable apology for their insult of our Minister, and that if they refused to do so, we would be bound to enforce compliance with these demands. But the notice passed unheeded. Thereupon, a commander of the navy, in charge of the sloop of war "Cyane," was ordered to repeat the demands, and to insist upon a compliance therewith. Finding that neither the populace, nor those assuming to have authority over them, manifested any disposition to make the required reparation, or even to offer excuse for their conduct, he warned them by a public proclamation, that if they did not give satisfaction within a time specified, he would bombard the town. By this procedure he afforded them opportunity to provide for their personal safety. To those also who desired to avoid loss of property, it was a warning, that if they refused to comply with the demands, they would be indicted on the offending town, he furnished the means of removing their effects, by the boats of his own ship, and of a steamer which he procured and tendered to them for that purpose. At length, perceiving no disposition on the part of the town to comply with his requirements, he appealed to the commander of his British Majesty's frigate, and only after the most strenuous efforts, and apparently much influence with the leaders among them, to interpose, and persuade them to take some course calculated to save the necessity of resorting to the extreme measures indicated in the proclamation; but that officer instead of according to the request, did nothing more than to protest against the use of force, and to insist that no steps should be taken by the people, to give the satisfaction required. No individuals, if ever there were, who regarded themselves as not responsible for the misconduct of the community, adopted any means to separate themselves from the fate of the guilty. The several charges, on which the demands for redress were founded, had been publicly known to them. They did not deny any of these charges; they offered no explanation, nothing in extenuation of their conduct; but continuously refused to hold any intercourse with the commander of the "Cyane." By their obstinate silence they seemed rather desirous to provoke chastisement than to escape it. There is ample reason to believe that this course of defiance, on their part, is imputable chiefly to the delusive idea that the American government would be deterred from punishing them through fear of displeasing a formidable foreign power, which they presumed to think, looked with complacency upon their aggressive and insulting deportment towards the United States. The "Cyane" at length fired upon the town. Before much injury had been done the firing was suspended, in order to afford opportunity for an arrangement; but this was declined. Most of the buildings of the place, of little value generally, were in the sequel, destroyed; but, owing to the considerate precautions taken by our naval commander, there was no destruction of life.

"When the "Cyane" was ordered to Central America, it was with the understanding that it was to be employed for a resort to violence and destruction of property and loss of life." Instructions to that effect were given to her commander. And no extreme act would have been requisite had not the people themselves, by their extraordinary conduct in the affair, frustrated all the possible mild measures for obtaining satisfaction. A withdrawal from the place, the object of his visit entirely defeated, would, under the circumstances, in which the commander of the Cyane found himself, have been absolute abandonment of all claim of our citizens for indemnification, and submissive acquiescence in national indignity. It would have encouraged, in these lawless men, a spirit of insolence and rapine, and dangerous to the lives and property of our citizens at Punta Arenas, and probably emboldened them to grasp at the treasure and valuable merchandise continually passing over the Nicaragua route. It certainly would have been most satisfactory to me if the objects of the "Cyane" mission could have been consummated without

any act of public force; but the arrogant contumacy of the offenders rendered it impossible to avoid the alternative, either to break up their establishment, or to leave them impressed with the idea that they might persevere with impunity in a career of insolence and plunder.

The transaction has been the subject of complaint on the part of some foreign powers, and has been characterized with more of harshness than of justice. If comparisons were to be instituted, it would not be difficult to present repeated instances in the history of states, standing in the very front of modern civilization, where communities, far less offending and less defenseless than Greytown, have been chastised with much greater severity, and where not cities only have been laid in ruins, but human life has been recklessly sacrificed, and the blood of the innocent made profusely to mingle with that of the guilty.

Pasting from foreign to domestic affairs, your attention is naturally directed to the financial condition of the country, always a subject of general interest. For complete and exact information regarding the finances, and the various branches of the public service connected therewith, I refer you to the report of the Secretary of the Treasury, from which it will appear that the amount of revenue during the fiscal year, from all sources, was seventy-three million five hundred and forty-nine thousand seven hundred and forty dollars; and that the public expenditures for the same period, exclusive of payments on account of the public debt amounted to fifty-one million eight hundred and twenty-two thousand and four hundred dollars.

During the same period, the payments made in redemption of the public debt, including interest and premium, amounted to twenty-four million three hundred and thirty-six thousand three hundred and eighty dollars. To the sum total of the receipts of that year is to be added a balance remaining in the Treasury at the commencement thereof, amounting to twenty-nine million nine hundred and seventy thousand eight hundred and ninety-two dollars; and at the close of the same year, a corresponding balance amounting to twenty million one hundred and thirty-seven thousand nine hundred and sixty-seven dollars of receipts above expenditures, also remained in the Treasury. Although, in the opinion of the Secretary of the Treasury, the receipts of the current fiscal year are not likely to equal in amount those of the last, yet they will undoubtedly exceed the amount of expenditures by at least five millions of dollars. I shall, therefore, continue to direct that the surplus revenue be applied, so far as it can be judiciously and economically done, to the reduction of the public debt, the amount of which, at the commencement of the fiscal year, was sixty-seven million three hundred and forty thousand six hundred and twenty-eight dollars; of which there had been paid on the twentieth day of November, 1854, the sum of twenty-two million three hundred and sixty-five thousand one hundred and seventy-two dollars; leaving a balance of outstanding public debt of only forty-four million nine hundred and seventy-five thousand four hundred and fifty-six dollars, redeemable at different periods within fourteen years. There are also remnants of other government stocks, most of which are already due, and on which the interest has ceased, but which have not yet been presented for payment, amounting to two hundred and thirty-five thousand one hundred and seventy-nine dollars. This statement exhibits the fact, that the annual income of the government greatly exceeds the amount of its public debt, which latter remains unpaid, only because the time of payment has not yet matured, and it cannot be discharged at once, except at the option of public creditors, who prefer to retain the securities of the United States; and the fact, also, that the annual revenue from all sources exceeds, by many millions of dollars, the amount needed for a prudent and economical administration of the Government.

The estimates presented to Congress from the different Executive Departments, at the last session, amounted to thirty-eight million four hundred and six thousand five hundred and eighty-one dollars; and the appropriations made, to the sum of fifty-eight million one hundred and sixteen thousand nine hundred and fifty-eight dollars. Of this excess of appropriations over estimates, however, more than twenty millions was applicable to extraordinary objects, having no reference to the usual annual expenditures. Among these objects, the most important were to meet the third article of the treaty between the United States and Mexico; so that, in fact, for objects of ordinary expenditure, the appropriations were limited to considerably less than forty millions of dollars. I therefore renew my recommendation for a reduction of the duties on imports. The report of the Secretary of the Treasury presents a statement showing the operation of the revenue system for several successive years, and as a general principle of reduction of duties with a view to revenue and not protection may now be regarded as the settled policy of the country. I trust that little difficulty will be encountered in settling the details of a measure to that effect. I recommend the consideration of this subject. I recommend a change in the laws, which recent experience has shown to be essential to the protection of the government. There is no express provision of law, requiring the records and papers of a public character, of the several officers of the government, to be left in their offices for the use of their successors, nor any provision directing that they be preserved, or that they be retained in the books, or return false accounts. In the absence of such express provision by law, the outgoing officers, in many instances, have claimed and exercised the right to take into their own possession, important books and papers, on the ground that these were their private property; and have them placed beyond the reach of the government. Conduct of this character, brought in several instances to the notice of the present Secretary of the Treasury, naturally awakened his suspicion, and resulted in the disclosure that, at four ports, namely, Oswego, Toledo, Sandusky, and Milwaukee, the treasury had, by false entries, been defrauded, within the four years next preceding March, 1854, the sum of one hundred and ninety-eight thousand dollars.

The great difficulty with which the detection of those frauds had been attended, in consequence of the abstraction of books and papers by the retiring officers, and the facility with which similar frauds in the public service may be perpetrated, render the necessity of new legal enactments, in the respects above referred to, quite obvious. For other material modifications of the revenue laws which seem to me desirable, I refer you to the report of the Secretary of the Treasury. That report, and the tables which accompany it, furnish ample proofs of the solid foundation on which the financial security of the country rests, and of the salutary influence of the independent treasury system upon commerce and all modern industry.

The experience of the last year furnishes additional reasons, I regret to say, of a painful character, for the recommendation heretofore made, to provide for increasing the military force employed in the territory inhabited by the Indians. The settlers on the frontier have suffered much from the incursions of marauding bands, and large numbers of emigrants to our Pacific possessions have been massacred with impunity. The recurrence of such scenes can only be prevented by teaching these wild tribes the power of, and their responsibility to, the United States. From the garrisons of our frontier posts, it is only possible to detach troops in small bodies; and though these have on all occasions displayed gallantry and a stern devotion to duty, which on a larger field would have commanded universal admiration, they have usually suffered severely in the conflicts with superior numbers, and have sometimes been entirely sacrificed.

All the disposable force of the army is already employed on this service, and it is known to be wholly inadequate to the protection which should be afforded. The public mind of the country has been recently shocked by savage atrocities committed upon defenseless emigrants and border settlements, and hardly less by the unnecessary destruction of valuable herds, and inadequate detachments of troops have undertaken to furnish the needed aid. Without







